

**State Employee Benefits Advisory Council Meeting
January 19, 2011
Statewide Benefits Office
Dover, Delaware**

The State Employee Benefits Advisory Council met on January 19, 2011 in the Statewide Benefits Office, 500 W. Loockerman St., Suite 320, Dover, Delaware. The following Council members and guests were present:

Patricia Griffin, SEBAC Chair, AOC
Marsha Carson, SEBAC, DOS
Sandy Ogden, SEBAC, DOA
Mike Nichols, SEBAC, DSP
Brenda Lakeman, OMB, SW Benefits, Director

Faith Rentz, OMB, SW Benefits, Deputy Director
Ann Skeans, OMB, SW Benefits
Lisa Carmean, City of Milford
Judy Anderson, DSEA

Ms Griffin called the meeting to order at 3:00 p.m.

1. Approval of Minutes

Ms. Griffin asked members to review the November 29, 2010 SEBAC minutes. She then asked for a motion to approve them. Ms. Carson made the motion and Ms. Ogden seconded the motion. Upon unanimous voice vote the minutes were approved.

2. Update of SEBC Activities

Ms. Rentz did a recap of the December 6, 2010, SEBC meeting. The SEBC did approve the Proposal Review Committee's (PRC) recommendation to award the new carved out vision plan that will go into effect July 1, to EyeMed Vision Care. They have been awarded a two year initial contract with three, one year renewal options. Those rates are 27 percent less than the current rates with VSP. The state employees currently have a supplemental benefit plan that is offered to them that will terminate June 30 of this year. The only plan offered in that package that had any enrollment was the vision plan. That is why the Committee voted to carve out that benefit. That will now be a pre-tax deduction beginning in July, just like medical and dental. VSP is a benefit under the supplement benefits package that will terminate on June 30. The only benefit that will continue to be offered out of that supplemental package is vision. EyeMed Vision Care will administer the program. EyeMed Vision's network is more robust than the current vendor as it includes independent and retail providers. We hope that the expanded network, lowers rates and pre-tax deduction will be viewed as a plus to employees.

Ms. Lakeman stated that Aon covered presented a Health Care Reform update via power point to the SEBC. The Lab Corp change was also explained. Lab Corp will be the only Blue Cross in network provider for lab services starting February 1, 2011.

Ms. Rentz stated a DelaWELL update was given to SEBC concerning the new health management program that began in July 2010. It is now integrated with Wellness and Disease Management under the new vendor, Alere. Enrollment was reported as being much lower than at the same time in the program cycle two years ago. The enrollment is being compared two participation two years ago because that was the last time participants could receive an incentive. The staff is working diligently with Alere, state agencies and school districts to promote the program. The Health Risk Assessment (HRA) was originally open thru the end of the calendar year. It has been extended through the end of

May 2011. Completing the HRA and earning 20 points will earn an employee \$100. If they earn 20 points, do the HRA and complete the biometric screening, they are eligible for a \$200 incentive in July 2011. The biometric screening time frame has also been extended through March. Program communications and components were explained. Two of four SEBAC members had not received their DelaWELL post card, so staff will check into that. Discussion with questions and answers followed. Consistency is a key factor to get the program to grow. Ms. Griffin asked if they can share the numbers of participants by agency with agency leadership. Ms. Rentz agreed and stated they were in the process of getting those for cabinet heads. There is an upcoming meeting with Alere in the next two weeks. In March they will be reporting to SEBC again concerning the health/wellness programs for FY12.

Ms. Lakeman stated for the January meeting the typical Director's Report will be given. They requested and have received \$1.4 million (M) from the federal government for the Early Retiree Reinsurance Program, which relates to reimbursement for June of 2010 only. It was for early retirees who had exceeded the \$15,000 threshold and were less than \$90,000 (Claims in that month that would have fallen in that time period). That money has been received. The next time we can request funds for the program will be the end of March for the July/September time frame. The estimate for FY11 is approximately \$19 M, so we will see if we continue to trend at about \$1.4 M per month. The first few months of FY11 year will most likely be lower because it will take time for people to be building up those claims and exceeding the \$15,000 threshold. If it is not a consistent \$1.4 M a month, we may instead see less in the first quarter and then more in toward the latter part of FY11.

An update will be given on where we are with the current Request for Proposals (RFP). The PRC met yesterday on the Dental and they scored the vendors they had interviewed on January 4 and 5. A recommendation for award will be presented to the SEBC meeting on Monday. They are still in the midst of the Prescription RFP. Finalist meetings are scheduled for February 14 and 15. A recommendation should be ready for the SEBC for the first March meeting.

Ms. Rentz noted they may inform SEBC they will be bidding medical this year. COBRA subsidy reimbursement may also be reported. Ms. Lakeman also stated they will probably give an update on Lab Corp that the communications have gone out from Blue Cross and it is scheduled to go into effect February 1. Customer service and communication issues will be monitored. A spreadsheet has been developed and the Benefits Office and the Pension Office will use it to track issues so they can report back to Blue Cross and resolve issues promptly.

Concerning the Health Fund Financials, the fund is still in a very good financial position trending better than the first quarter of FY10. The fund experienced significant claim expenses in the first and second quarter of FY10. Then things leveled out and we ended up with only a modest shortfall. Discussion about the fund's trend occurred including observations that for several years, first quarter and second quarters of the plan year saw higher claims and then improvement in the second half. There will be more related discussion on the fund's trends at the February SEBC. Ms. Rentz shared that members did not appear to be utilizing their benefits as much as they were. Aon reported our trend is 7.5 percent over three years. On a quarterly basis it goes up and down. The non-payroll groups have been told to figure a 7 to 8 percent increase in their rates for FY12. Last year the rates went up 10 percent.

Ms. Lakeman stated again that the agenda contains the Dental award recommendation. There are two other items under FY12 Group Health Planning: Coverage of Dependents Age 26 and Mental Health Parity.

Ms. Rentz explained the Dependents Age 26 requirements along with options that will be presented at SEBC. Plans beginning on or after September 23, 2010 are required to cover dependents at least up to the end of the month of which they turn age 26. Details were given as to how it would work. Being state and federal laws were in conflict, a legislative change would have been needed to Delaware Code to allow coverage for these dependents prior to July 1, 2011. SEBC had much discussion on the topic but no action was taken to implement early. The big issue now is dependents who will have a gap for one month with no coverage and how that will be handled.

Ms. Lakeman gave details on Mental Health Parity. In February of 2010, SEBC voted to comply with the law as of then. It was believed that the state was in compliance, but upon the release of additional guidance and analysis of that guidance by BCBSD, it was determined that the state was not. In depth explanation of the non-compliance was given. An exception had been filed for and granted for FY11. To correct the problem it will cost \$500,000 or more in co-pays modifications. It must be decided if the state wants to spend the money necessary to become compliant or if they will file for another exemption. SEBC will need to vote now or in February 2011.

3. SEBAC Comment to SEBC

The SEBAC supports Mental Health Parity over the long-run, but takes no real position.

4. Other Business

None.

5. Public Comment

None.

A motion to adjourn was requested. Ms. Carson made the motion and Ms. Griffin seconded the motion. Upon a unanimous voice approval the meeting adjourned at 4:20 p.m. The next meeting will be held February 2, 2011.

Respectfully submitted,

Mary Thuresson
Administrative Specialist
Statewide Benefits